

Claims

What is claimed is:

1. A method of managing securities market information, comprising the steps of:
 - (a) electronically receiving securities order-related or trade-related data regarding a set of securities market participants;
 - (b) electronically storing said received order-related or trade-related data regarding said set of securities market participants;
 - (c) electronically receiving a securities order-related or trade-related query from a first securities market participant;
 - (d) based on said order-related or trade-related query received from said first securities market participant and on said securities order-related or trade-related data regarding said set of securities market participants, computing a dissemination list of securities market participants; and
 - (e) transmitting said dissemination list to an entity who has been granted a privilege of receiving such lists in exchange for being contractually bound to respect confidentiality of the dissemination list and to use the list only for the purpose of sending securities-related information to members of the list.
2. A method as in claim 1, wherein said securities-related information sent by said entity to members of said list comprises orders or information about orders.
3. A method as in claim 1, wherein said entity is said first securities market participant.
4. A method as in claim 1, wherein said entity is:
 - (a) further contractually bound to permit an auditing firm to audit the entity's information dissemination practices; and
 - (b) subject to termination of its privilege of receiving dissemination lists if said auditing firm determines that the entity has failed to satisfactorily maintain confidentiality of dissemination lists or has failed to use said lists only for the purpose of sending information to members of said lists.

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5. A method as in claim 1, wherein said entity uses a software system to receive, store, and transmit dissemination lists and is:

- (a) further contractually bound to permit a consulting firm to inspect the software system that will receive the dissemination lists prior to initiating the service; and
- (b) subject to termination of its privilege of receiving dissemination lists if said consulting firm determines that said software system, in its initial form or in a modified form, does not satisfactorily maintain confidentiality of dissemination lists or does not ensure that said lists are used only for the purpose of sending securities-related information to members of said lists.

6. A method of managing securities market information, comprising the steps of:

- (a) electronically receiving securities order- or trade-related data regarding a set of securities market participants;
- (b) electronically storing said received order-related data regarding said set of securities market participants;
- (c) electronically receiving securities order parameters from a first securities market participant;
- (d) based on said securities order parameters received from said first securities market participant and on said securities order- or trade-related data regarding said set of securities market participants, computing a dissemination list of securities market participants based on ranking likely contras by probability of execution; and
- (e) transmitting said dissemination list to an entity who has been granted a privilege of receiving such lists in exchange for being contractually bound to respect confidentiality of the dissemination list and to use the list only for the purpose of sending securities-related information to members of the list.

7. A method as in claim 6, wherein the likely contras are ranked based on probability of execution.

8. A method as in claim 6, wherein likely contras are ranked based on the expected price impact following the delivery of said securities-related information to said

members of said lists.

9. A method as in claim 6, wherein said securities order- or trade-related information sent by said entity to members of said list comprises orders or information about orders.

10. A method as in claim 6, wherein said entity is said first securities market participant.

11. A method as in claim 6, wherein said entity is:

- (a) further contractually bound to permit an auditing firm to audit the entity's information dissemination practices; and
- (b) subject to termination of its privilege of receiving dissemination lists if said auditing firm determines that the entity has failed to satisfactorily maintain confidentiality of dissemination lists or has failed to use said lists only for the purpose of sending information to members of said lists.

12. A method as in claim 6, wherein said entity uses a software system to receive, store, and transmit dissemination lists and is:

- (a) further contractually bound to permit a consulting firm to inspect the software system that will receive the dissemination lists prior to initiating the service; and
- (b) subject to termination of its privilege of receiving dissemination lists if said consulting firm determines that said software system, in its initial form or in a modified form, does not satisfactorily maintain confidentiality of dissemination lists or does not ensure that said lists are used only for the purpose of sending securities-related information to members of said lists.

13. A method of effecting a targeted auction, comprising the steps of:

- (a) electronically receiving data including confidential information regarding market participants;
- (b) electronically storing said received data regarding market participants;

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(c) electronically receiving information including a first order from a first market participant computer;

(d) electronically storing said information received from said first market participant computer;

(e) producing a targeted dissemination list of market participants based on said stored data regarding market participants and said information received from said first market participant computer;

(f) electronically transmitting to the market participants on said targeted dissemination list data based on said information received from said first market participant computer;

(g) electronically receiving subsequent orders from market participants in response to said transmitted data;

(h) conducting an electronic auction among orders including said orders received in response to said transmitted data; wherein in said auction an order is displayed as a passive order and executes immediately against contra orders at that price, but upgrades its price to a more aggressive price for randomly-scheduled match check events where neither party has control of time of execution; and

(i) electronically transmitting the status of orders to the respective market participants who initiated them.

14. A method as in claim 13, wherein said more aggressive price is also displayed to auction participants to enable evaluation of the value of the market timing option.

15. A method as in claim 13, wherein said more aggressive price is the market midpoint price.

16. A method as in claim 13, wherein similar orders on opposite sides are matched in said randomly-timed match check events.

17. A method as in claim 15, wherein one of the two prices is more aggressive than the other, and wherein the more aggressive price is accessible only to responding market

participants willing to renounce the market timing option by leaving their order on hold until the next match-check event.

18. A method of effecting a targeted auction, comprising the steps of:
- (a) electronically receiving data including confidential information regarding market participants;
 - (b) electronically storing said received data regarding market participants;
 - (c) electronically receiving information including a first order from a first market participant computer;
 - (d) electronically storing said information received from said first market participant computer;
 - (e) producing a targeted dissemination list of market participants based on said stored data regarding market participants and said information received from said first market participant computer;
 - (f) electronically transmitting to the market participants on said targeted dissemination list data based on said information received from said first market participant computer;
 - (g) electronically receiving subsequent orders from market participants in response to said transmitted data, wherein market participants have the option of placing an order in an order depository without initiating an auction or invoking targeted dissemination of data, said orders being dormant until an auction is initiated in that stock;
 - (h) conducting an electronic auction among orders including said orders received in response to said transmitted data; and
 - (i) electronically transmitting the status of orders to the respective market participants who initiated them.

19. A method as in claim 18, wherein a market participant entering an order into the order depository is permitted to specify relevant order-handling rules.

20. A method as in claim 19, wherein said order-handling rules comprise whether the order will be exposed to random match-check events.

21. A method as in claim 19, wherein said order-handling rules comprise whether the order will be exposed to other orders being entered into order depository.

22. A method as in claim 19, wherein said order-handling rules comprise whether the order will be exposed to advertised orders.

23. A method as in claim 18, wherein order-handling rules are specified for and advertised to market participants.

24. A method as in claim 18, wherein a market participant entering an order can request that a message be generated to notify any party who enters an order on the contra side if the party is close to matching but does not quite have the right price or size for a match.

25. A method as in claim 24, wherein said market participant entering an order can specify what price differential range results in a party being notified that the party is close to matching.

26. A method as in claim 24, wherein said market participant entering an order can specify what size differential range results in a party being notified that the party is close to matching.

27. A method of managing orders in a securities market, comprising the steps of:

- (a) electronically receiving data comprising an order and conditions on said order from a first market participant;
- (b) electronically storing said received data in a database;
- (c) electronically receiving and storing in said database data comprising contra orders from other market participants;
- (d) searching said database for contra orders that satisfy said conditions on said order from said first market participant;
- (e) ranking contra orders that satisfy said conditions according to criteria

comprising said conditions; and

(f) routing said order received from said first market participant or portions thereof to market participants from which said ranked contra orders were received, according to ranking.

28. A method according to claim 27, wherein said conditions comprise having a designated portion of said order sent out to third-party systems.

29. A method according to claim 28, wherein the aggregate size of portions of said order that are routed to third-party systems does not exceed the size of said order.

30. A method according to claim 27, wherein a count is maintained of the residual size that has not been routed to likely contras, and said count is decremented when routed-to contras decline to accept the order.

31. A method according to claim 30, wherein said residual size count is not permitted to become negative.

32. A method according to claim 28, wherein said conditions comprise a combination of possible third-party execution options.

33. A method according to claim 27, wherein said first market participant transmits said conditions by entering a script through a graphical user interface.

34. A method according to claim 33, wherein said script specifies a sequence of operations to be executed in the process of working said order.

35. A method according to claim 33, wherein said graphical user interface comprises a script-editing screen displaying a blank horizontal field with a downward-pointing arrow.

36. A method according to claim 35, wherein upon clicking on the downward-pointing arrow a drop list of order management options appears for the user to choose from.

37. A method according to claim 33, wherein said graphical user interface displays a list of order management options.

38. A method according to claim 37, wherein said list of order management options includes options to route parts of the order to third party systems.

39. A method according to claim 37, wherein said list of order management options includes an option of sending targeted notifications of the residual part of the order that was not routed to other parties in order to attract responsive orders.

40. A method according to claim 37, wherein, upon selecting an option from said list, a user enters a dialog to edit relevant dissemination parameters.

41. A method according to claim 33, wherein a user specifies a time to be allotted for each step of said script.

42. A method of managing orders in a securities market, comprising the steps of:

- (a) electronically receiving data comprising a first preferenced order and conditions thereon from a first market participant, wherein said first preferenced order is directed to a preferencing ID;
- (b) electronically storing said received data in a database;
- (c) electronically receiving and storing in said database data comprising contra orders from other market participants;
- (d) searching said database for contra orders that satisfy said conditions on said order from said first market participant;
- (e) ranking market participants whose contra orders satisfy said conditions;
- (f) sending a second preferenced order to a second market participant with an

optimum or optimal ranking; and

(h) if said second market participant accepts said second preferenced order, attempting to execute said first preferenced order and said second preferenced order as a single transaction, where either both legs of the trade carry through to completion or neither does.

43. A method according to claim 42, wherein the transactional integrity of the two-legged trade is ensured by altering the normal processing and execution of said second preferenced order so that the execution does not take effect until said first preferenced order can be made non-cancellable.

44. A method according to claim 43, wherein said first preferenced order is made non-cancellable by setting said first preferenced order's status internally to an "executed" status.

45. A method according to claim 42, wherein transactional integrity of the two-legged trade is ensured by issuing a single report for clearing that contains the identities of the first and second participants as true parties to the trade.

46. A method according to claim 42, wherein said execution message received from said second market participant does not trigger an execution confirm message.

47. A method according to claim 46, wherein only an execution message notifying said referencing ID of execution by said second market participant is allowed to proceed.

48. A method according to claim 42, wherein said first market participant and said second market participant discover each other's identities after execution.

49. A method according to claim 42, wherein said first market participant and said second market participant discover each other's identities after close of a normal trading session.

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50. A method according to claim 42, wherein said step of attempting to execute said first preferenced order against said second preferenced order comprises modifying the execution price to the midpoint of the first and second orders.

51. A method according to claim 42, wherein said first preferenced order may include additional size that is not routed to said second participant, but may be executed against a counteroffer from said second participant.

52. A method according to claim 42, wherein said first market participant is an auction server, and wherein said first preferenced order is passive enough to be considered a targeted request for quotation.

53. A method of effecting a targeted auction, comprising the steps of:

- (a) electronically receiving data including confidential information regarding market participants;
- (b) electronically storing said received data regarding market participants;
- (c) electronically receiving information including a first order from a first market participant computer;
- (d) electronically storing said information received from said first market participant computer;
- (f) electronically transmitting to selected market participants data based on said information received from said first market participant computer;
- (g) electronically receiving subsequent orders from said selected market participants in response to said transmitted data;
- (h) conducting an electronic auction among orders including said orders received in response to said transmitted data; wherein in said electronic auction an order is displayed as a passive order and executes immediately against contra orders at that price, but upgrades its price to a more aggressive price for randomly-scheduled match check events where neither party has control of time of execution; and
- (i) electronically transmitting the status of orders to the respective market

participants who initiated them.

54. A method as in claim 53, wherein said more aggressive price is also displayed to auction participants to enable evaluation of the value of the market timing option.

55. A method as in claim 53, wherein said more aggressive price is the market midpoint price.

56. A method as in claim 53, wherein similar orders on opposite sides are matched in said randomly-timed match check events.

57. A method of order management comprising the steps of:

- (a) electronically receiving first participant information from a first market participant computer, said first participant information including a first order and indicating:
 - (i) whether said first order is exposed to random match check events;
 - (ii) whether said first order is exposed to immediate execution against orders entered independently on the contra side;
 - (iii) whether said first order is exposed to immediate execution against orders entered in response to notification of said first order;
- (b) electronically storing said first participant information;
- (c) electronically receiving a second order from a second participant;
- (d) executing said second order against said first order if the price and size match and if said first participant information indicates that said first order is exposed to immediate matching against incoming orders; and
- (e) executing randomly-timed match check events wherein other orders will match against the first order if the price and size match and if said first participant information indicates that said first order is to be exposed to randomly-timed match check events.

58. A method as in claim 57, wherein said first order has a passive price when considered to match an incoming order, but a more aggressive price when checked for a

match in a randomly-timed match check event.

59. A method as in claim 57, wherein said first participant information comprises a request that a message be generated to notify any party who enters an order on the contra side if the party is close to matching but does not quite have the right price or size for a match.

60. A method as in claim 57, wherein said first participant information comprises a specification of what price differential range results in a party being notified that the party is close to matching.

61. A method as in claim 57, wherein said first participant information comprises a specification of what size differential range results in a party being notified that the party is close to matching.

62. A method of effecting a targeted auction, comprising the steps of:
- (a) electronically receiving data including confidential information regarding market participants;
 - (b) electronically storing said received data regarding market participants;
 - (c) electronically receiving information including a first order from a first market participant computer;
 - (d) electronically storing said information received from said first market participant computer;
 - (e) producing a targeted dissemination list of market participants based on said stored data regarding market participants and said information received from said first market participant computer;
 - (f) electronically transmitting to the market participants on said targeted dissemination list data based on said information received from said first market participant computer;
 - (g) electronically receiving an order from a second market participant;
 - (h) checking order parameters for possible matching and execution of said

second participant's order against said first order;

(i) electronically receiving an order from a third market participant in response to said transmitted data;

(j) checking order parameters for possible matching and execution of said third participant's order against said first order;

(k) conducting an electronic auction among orders including said orders received in response to said transmitted data; and

(l) electronically transmitting the status of orders to the respective market participants who initiated them.

63. A method of managing market information, comprising the steps of:
electronically receiving data from a first market participant, said data comprising an order to buy or sell market securities, and further comprising conditions on similar orders on the contra side;

electronically storing said data from said first market participant;

electronically transmitting information to one or more entities, said information comprising said conditions;

electronically receiving notification from one of said one or more entities, said notification comprising an indication that a second participant's order matches said conditions,

electronically transmitting to said one of said one or more entities information including data related to said order received from said first market participant.

64. A method as in claim 63, wherein said one of said one or more entities is an electronic trading system.

65. A method as in claim 63, wherein said one of said one or more entities is a market participant.

66. A method as in claim 63, wherein said one of said one or more entities is contractually bound to use said information including data related to said order received from

said first market participant only for the purpose of forwarding data related to said first participant's order to said second participant.

67. A method as in claim 63, wherein said entity is:

(a) further contractually bound to permit an auditing firm to audit the entity's information dissemination practices; and

(b) subject to termination of its privilege of receiving dissemination lists if said auditing firm determines that the entity has failed to satisfactorily maintain confidentiality of dissemination lists or has failed to use said lists only for the purpose of sending information to members of said lists.

68. A method of managing market information, comprising the steps of:

electronically receiving data from a first market participant, said data comprising an order to buy or sell market securities and data specifying order-handling rules that specify that the order should be exposed to randomly-scheduled match-check events;

electronically storing said data from said first market participant;

electronically receiving information from a second market participant, said information including an order to trade securities;

electronically scheduling a match-check event; and

electronically triggering execution of auctions with orders received at the time of said scheduled match-check event.

69. The method as in claim 68, wherein orders received from market participants are checked for possible immediate matching against previously-entered orders.

70. The method as in claim 69, wherein said data from said first market participant includes a more aggressive price that will be effective only during said match-check event.

71. The method as in claim 70, wherein said more aggressive price is displayed to a marketplace.